

The Foundations for a WC Drug Formulary



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Mark Pew, Senior Vice President, PRIUM



- 35+ years in P&C, 20+ years in Work Comp
- Created PRIUM's *award-winning* Chronic Pain Intervention Program in 2003, Intervention Triage in 2010, Texas Closed Formulary turnkey in 2011, Centers with Standards in 2012, TaperRx in 2014
- From March 2012 thru November 2016 ...
 - **380** presentations, **26,189** people, **40** states + DC
 - **16** national webinars
- Published and quoted in CLM Magazine, Risk & Insurance, Business Insurance, WorkCompCentral, WorkCompWire, Insurance Thought Leadership, etc
- IAIABC Medical Issues Committee, SIIA Work Comp Committee, CompSense Pharmacy group in CA (chairman) & NY
- 2016 Best Blog and Magna Comp Laude recipient



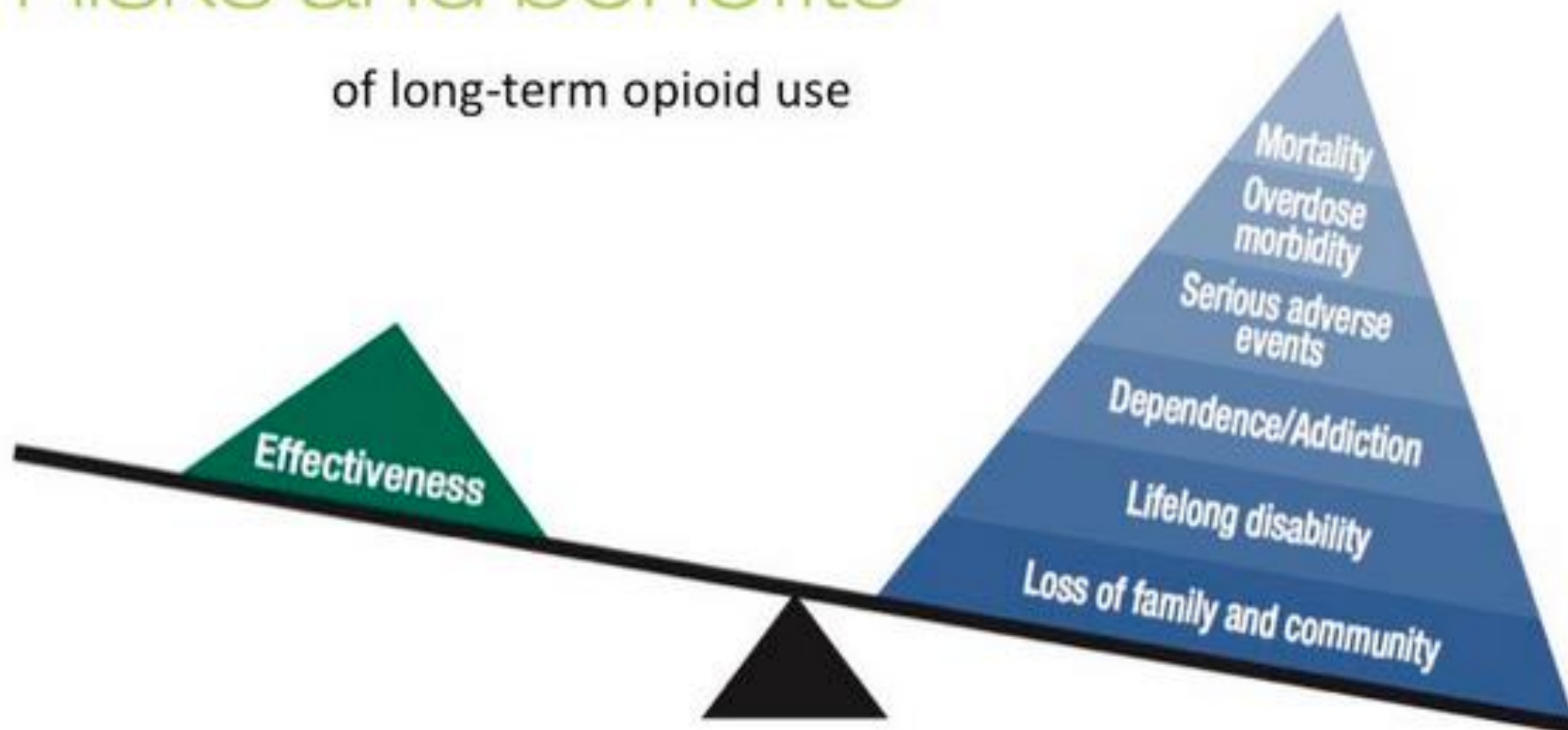
Why is a Drug Formulary Important?

- ~ **2,000,000** Americans abuse painkillers
- ~ **500,000** Americans abuse heroin
- In 2014 ...
 - **19,000** people died from painkillers (**16%** > 2013)
 - **10,500** people died from heroin (**28%** > 2013)



Risks and benefits

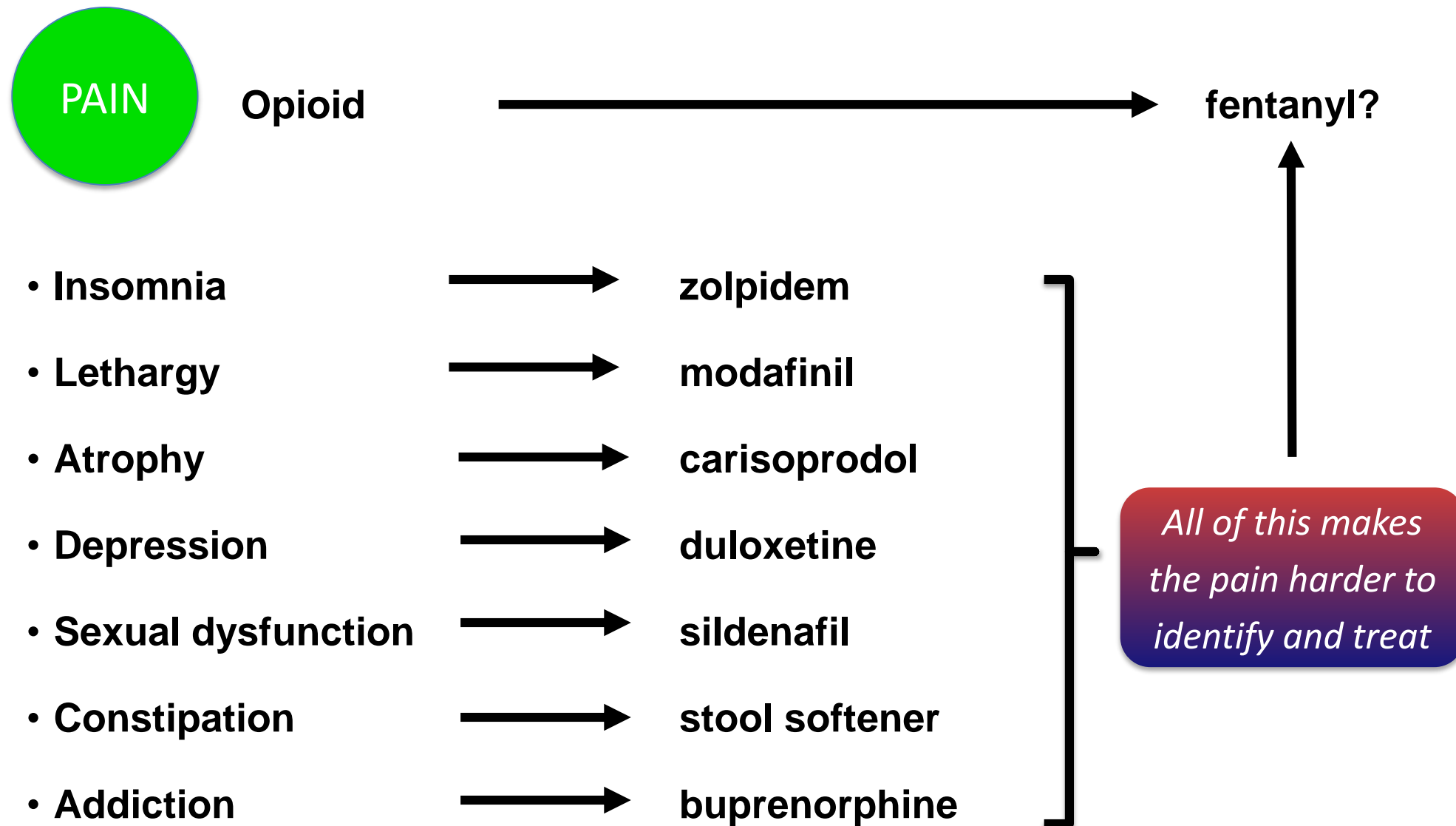
of long-term opioid use



Source: TD Teater. The Psychological and Physical Side Effects of Pain Medications. National Safety Council, Feb 27, 2015

Polypharmacy

The Enemy of Function





Drug Formulary 101

Drug Formulary 101

Primary Questions for a Drug

- Is it safe?
 - Risk vs. Benefit
 - Compare to alternatives
- Is it effective?
 - Studies demonstrating results
- What is the cost?
 - Not just acquisition but total cost of therapy (pharmacy & medical)

Drug Formulary 101

What is a Drug Formulary?

- A list of drugs that are either included or excluded from coverage / reimbursement
 - PA – Requires prior authorization
 - NPA – Does not require prior authorization
- Used extensively outside of Work Comp
 - A new process for Work Comp but not a new concept
- Types include Closed, Open, Cost-Based, Retail, Preferred Drug List
 - Open – All FDA-approved prescription/non-prescription drugs
 - Closed – “Open” with restrictions
 - Retail – Unique to a PBM
 - PDL – Preferred but no real restrictions

Drug Formulary 101

Guiding Principles

- *About better clinical outcomes, not cost savings*
- *Define how to measure success*

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- *Educate all stakeholders before, during, after*

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- Utilize Evidence Based Medicine
- Design through consensus
- Educate all stakeholders before, during, after
- *Easy to implement and enforce*
- *Include a dispute resolution process w/expedited appeal*

Drug Formulary 101

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- Include a dispute resolution process with expedited appeal
- *Handle new and legacy claims differently*

Drug Formulary 101

Benefits / Goals

- *Facilitates timely provision of medical treatment*
 - *Require a clinical rationale for others*

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- *Add evidence-based practices to prescription choices*
 - *Clarify the difference between a specific drug, alternative drug options, alternatives to drugs*
 - *Reduce drug-to-drug interactions*

Drug Formulary 101

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 - *Prompts reflection*

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 - Prompts reflection
- *Improve treatment outcomes for patients*
 - *Trends towards more conservative options*

Drug Formulary 101

Potential Impacts

- Patient safety
 - Talk about return to function
 - Focus on life
 - Promote (and approve) more conservative options
 - NSAID's, exercise, CBT, etc.
- Biopsychosocial
 - Deal with their attitude about pain

Drug Formulary 101

Potential Impacts

- Prescribing behavior
 - Choose the best options
 - Require clinical rationale for exceptions
 - Educate on options
 - No longer “that’s how it’s always been done”
 - Inspire prescriber-patient conversations
 - Office visits no longer just about refills
 - Change one, change all
 - Future patients reap the benefits

Drug Formulary 101

Potential Impacts

- Claims / pharmacy cost
 - Reduce drug utilization
 - Number of drugs / classifications, dosage, quantity
 - Reduce non-mainstream use
 - Compounds
 - Physician dispensing
 - Reduce health/financial impacts
 - Disability, co-morbidities, indemnity
 - Impact friction costs
 - Reduce litigation, delays in treatment
 - Increase possibility of settlement

Drug Formulary 101

Some Questions

- **How would the drug list be defined and maintained?**
 - Creating a drug list from scratch is difficult
 - *Build vs. Buy?*
 - Maintaining a drug list is even more difficult
 - *Some states have localized P&T committees*
 - Creating a cross-walk from drugs to ICD / treatment guidelines
 - *Easy to understand and use*
- **What would be the arbiter for disputes?**
 - Opinion vs. Opinion is just opinion
 - *The UR process*
 - Evidence Based Medicine includes the best science available so prescribers can make the best decisions possible

Drug Formulary 101

Some Questions

- **What is the “carrot”?**
 - Speedier delivery of appropriate care – NPA drugs
 - *But these can be non-related or medically inappropriate*
- **What is the “stick”?**
 - Second opinion on questionable care – PA drugs
 - *But these can be medically appropriate*
- **How would a formulary be enforced?**
 - Nothing precludes a prescriber from writing any script
 - Nothing precludes a pharmacy from dispensing any script
 - *Third-party billing? Physician dispensing? Compounding?*

Drug Formulary 101

Some Questions

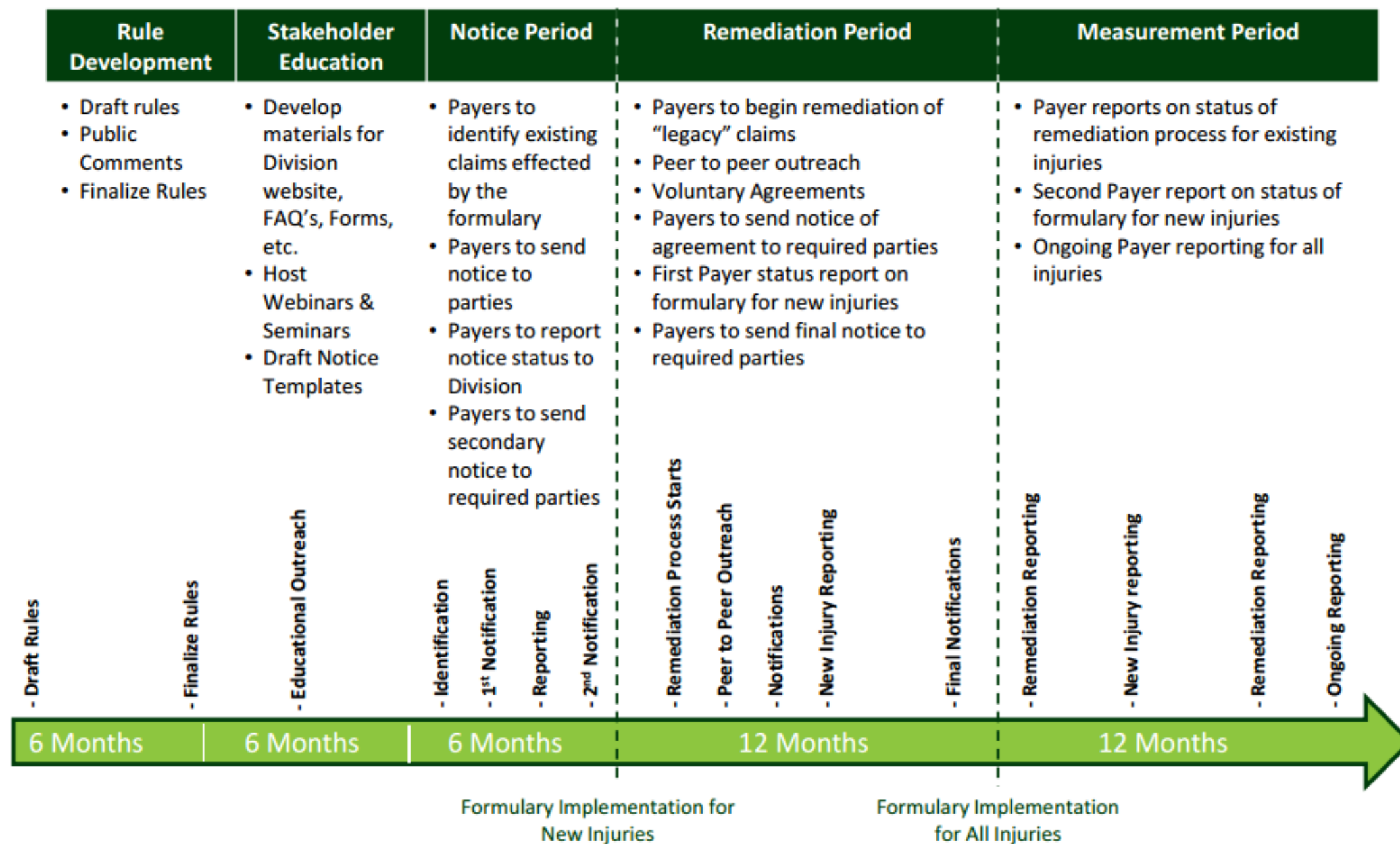
- **How would a formulary be phased in?**
 - Education and consensus before implementation are key
 - Ongoing collaboration after implementation allows adjustments
 - The process must be transparent and understandable
 - Timeline must be identified and unchangeable
- **How would legacy claims be handled?**
 - A new claim is different than a legacy claim
 - There must be a remediation period allowed for legacy claims, to taper towards formulary compliance
 - *Different timelines for new and legacy claims?*

On the Horizon

The Complete List

- Arizona – Effective October 2016
- Arkansas – Rules being developed
- California – Rules being developed
- Georgia – Initial discussions
- Louisiana – Initial discussions
- Maine – Initial discussions
- Mississippi – Initial discussions
- **Montana** – Initial discussions
- Nebraska – Initial discussions
- North Carolina – Study completed, on hold
- North Dakota – Implemented in 2006
- Ohio – Implemented in 2011
- Oklahoma – Implemented in 2014
- South Carolina – Initial discussions
- Tennessee – Effective February 2016
- Texas – Implemented 2011
- Washington – Implemented in 2004

Formulary Development and Implementation Timeline



Is a drug formulary THE answer to our epidemic?

No

Is it PART of the answer to our epidemic?

Yes



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PRIUM's *Evidence Based* blog

www.priumevidencebased.com